

and has presented no justification for its proposed nonrecurring rate structure.

In short, TWComm believes that requiring LECs to offer the \$1 sale and repurchase option provides the optimal resolution of the IDE rate structure issue. In the alternative, TWComm requests that the Commission consider the available data regarding the reusability of certain types of equipment for SWBT, and collect the necessary additional information for other types of equipment tariffed by SWBT and for all equipment tariffed by CBT. Specifically, information provided by SWBT during the Texas Investigation indicates that -- at a minimum -- the IDE manufactured by AT&T, Fujitsu, and Alcatel has been used and continues to be used in significant quantities in SWBT's network, making it fully reusable with little additional effort by SWBT. As a result, a recurring rate structure for this equipment should be developed based on the standard depreciable life of other equipment purchased by SWBT in this account code.

While the necessary data on equipment from other manufacturer/vendors is being collected, the Commission should require that the current nonrecurring charge be spread over a minimum of four years.⁶⁶ Once this data is available, the rates for additional equipment which is found to be reusable by SWBT or CBT should be changed to a recurring structure. The cost of

⁶⁶ This four year payment term was adopted in a stipulated settlement at the conclusion of the aforementioned Texas Investigation.

equipment which is truly non-standard for the LEC should continue to be recovered over the four year period.⁶⁷

Issue B.2: Charges for Training

SWBT claims that it is not reasonable to compare the costs of training technicians on "nonstandard" IDE to the training costs for "standard" equipment.⁶⁸ This is so, SWBT argues, because SWBT can "manage standard training costs," and the interconnector drives the nonstandard equipment training process.⁶⁹ But SWBT does not show why this difference means that standard training costs should not be used as a guide for nonstandard training costs. In fact, many other LECs agree the latter is a reasonable approach.⁷⁰

Issue B.3: Clarification of Training Provisions

In responding to the Commission's request for a list of already-deployed equipment for which training is unnecessary, SWBT again avoids full disclosure. Instead, it includes in its Direct Case a guide to training requirements between SWBT and interconnectors. While this document includes a list of Fujitsu

⁶⁷ As described previously, equipment which is non-standard for the LEC but has proven to be standard for interconnectors (through ongoing requests in the LEC's or other regions) should be changed to a recurring rate structure. This data will not be immediately available, however, and a rate structure based on whether the equipment is in use by the LEC should be adopted in the interim.

⁶⁸ See Direct Case of SWBT at 24-25.

⁶⁹ Id. at 24.

⁷⁰ See Direct Case of CBT at 6; Direct Case of BellSouth at 11; Direct Case of Sprint at 12.

equipment, there is no way for interconnectors to determine what other equipment SWBT has deployed in its network. Only a complete list of the relevant equipment or, at the very least, a comprehensive response to office-specific requests for equipment lists⁷¹ will permit interconnectors to take advantage of the cost savings that outside contractors offer.⁷² SWBT has failed to provide either.

Moreover, in addition to full reporting on the equipment currently deployed in the LEC networks, the Commission should also require LECs to disclose all of the equipment for which its technicians are trained. TWComm has experienced first hand the anticompetitive effects of partial disclosure in this regard. Arguing that Fujitsu is the current standard in its network, SWBT has required TWComm to pay to train technicians for AT&T equipment TWComm has chosen as IDE. TWComm has accordingly been billed for a total of \$95,000, of which it has already paid \$76,000.⁷³

As mentioned above, however, TWComm learned during its participation in the Texas state proceeding that SWBT's previous network standard was AT&T, and that it still uses some AT&T

⁷¹ Other LECs have agreed to provide interconnectors with a complete list of the equipment used in their networks even if that information must be obtained on an office-specific basis. See Direct Case of CBT at 6; Direct Case of BellSouth at 11-12; Direct Case of GTE at 17; Direct Case of Bell Atlantic at 10.

⁷² The Commission discussed those savings in the Virtual Collocation Order, 9 F.C.C.R. at 5172.

⁷³ SWBT has charged TWComm \$19,000 per office for five offices. TWComm has paid for four of those offices.

equipment in central offices.⁷⁴ SWBT's technicians are therefore already trained for the IDE TWComm has selected and need not be trained again. The Commission should accordingly order SWBT to refund TWComm the \$76,000 it has already paid for this purpose and should prohibit SWBT from charging TWComm for any further training on AT&T equipment. The Commission should also institute a more general requirement that LECs provide interconnectors with a list of all of the equipment *for which their technicians have been trained*.

Finally, CBT's requirement that 36 technicians be trained for each interconnector requesting new equipment⁷⁵ is also unjustified. CBT refused to respond to the Commission's request that it specify the minimum number of technicians that must be trained to maintain and repair IDE in each central office. CBT proposes instead to charge interconnectors to train enough technicians to service *all* CBT offices, regardless of the number of central offices for which the interconnector seeks virtual collocation. The Commission should reject this approach. Interconnectors should not be required to pay to train technicians at offices for which they do not seek collocation.

⁷⁴ See Response of SWBT to Time Warner Communications of Austin, L.P. Motion to Compel at 3.

⁷⁵ See CBT Direct Case at 7.

Rather, interconnectors should be charged for training on a per-central office basis.⁷⁶

IV. THE TERMS AND CONDITIONS OF VEIS TARIFFS

Issue C.1: SWBT's Obligation to Accept Interconnector-Designated Equipment

In the Designation Order, the Commission observed that SWBT's statement in its tariff that an interconnector may only designate equipment "necessary to provide the interconnector's requested functionality or necessary technical compatibility with the interconnector's equipment" may violate the LECs' obligation to offer any equipment reasonably requested by interconnectors.⁷⁷ The Commission therefore asked SWBT to explain the criteria it proposed to use in assessing whether equipment meets this standard and to explain why this standard is not inconsistent with the requirement that LECs may prohibit only equipment that "represents a technical threat to the network."⁷⁸

SWBT's response to this request, however, only confirms that it has violated the requirements of VEIS. First, SWBT provides

⁷⁶ The other LECs generally supplied minimum technician numbers on a per-central office basis. See Direct Case of BellSouth at 12 (four technicians required per office); Direct Case of GTE at 18 (six technicians required per office); Direct Case of SWBT at 27 (estimating an average of 5.6 technicians required per office); Direct Case of Sprint at 13 (two technicians required per office); Direct Case of Bell Atlantic at 10 (three technicians required per office). These responses demonstrate how much an interconnector seeking virtual collocation in a limited number of offices will save if it is only charged on a per-central office basis for training costs.

⁷⁷ See Designation Order at ¶ 80.

⁷⁸ See id. at ¶ 81.

interconnectors to seek redress of discriminatory maintenance and repair service. These LEC arguments should therefore be rejected.

CONCLUSION

TWComm respectfully urges the Commission to take prompt action to address the deficiencies in the LEC Direct Cases identified by TWComm, and order SWBT and the other affected LECs to revise their VEIS tariffs and practices in the manner described above.

Respectfully submitted,

Time Warner
Communications Holdings, Inc.



Brian Conboy
John L. McGrew
Thomas Jones
WILLKIE FARR & GALLAGHER
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

ITS ATTORNEYS

Don Wood
4985 Agate Drive
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(404) 475-9971

ECONOMICS CONSULTANT

Don Shepheard
Director of Regional Regulatory
Affairs
Time Warner Communications
Holdings, Inc.
300 First Stamford Place
Stamford, CT 06902
(203) 328-4000

November 9, 1995

APPENDIX A

Docket No. 12879
AT&T Communications of the Southwest, Inc.
Third Request
Information Request No. 3.3(b)
Supplement
06/15/95

3.3(b).

With regard to AT&T's RFI No. 1.6(a), if the costs based on vendor nonproprietary data are higher than SWBT's negotiated equipment costs (regardless of jurisdiction), provide the following:

The mean of the discounts received for such equipment;

Answer: SWBT refers AT&T to its Supplemental Response to AT&T's RFI No. 1.7(a), which notes that differences exist other than the direct difference between proprietary and nonproprietary cost data. In addition, SWBT refers AT&T to its Supplemental Response to AT&T's RFI No. 3.2(c) which provides information recently obtained from SWBT's vendors indicating a single price structure that replaces the proprietary/nonproprietary price structure that was previously available.

However, in an effort to be cooperative and based on the data

Docket No. 12879
AT&T Communications of the Southwest, Inc.
Third Request
Information Request No. 3.3(b)
Supplement
Page 2 of 2
06/15/95

developed for this filing that supports direct comparisons,
SWBT computes the mean as 31.08%.

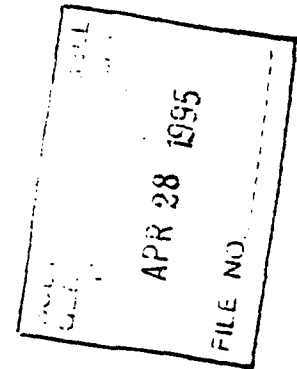
Responsible Person: Mike Auinbauh
Area Manager-Cost Analysis
Southwestern Bell Telephone Company
One Bell Center, 37-H-07
St. Louis, Missouri 63101

APPENDIX B



"The One to Call On"

April 27, 1995



Sourcing Operations

Mr. Jon Engelson
NEC America
1525 West Walnut Hill Lane
Irving, Texas 75038

Dear Mr. Engelson:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, NEC America provided SWBT with "list" prices that NEC America specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

1010 Pine, 9th Floor
St. Louis, Missouri 63101

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Mr. Jon Engelson

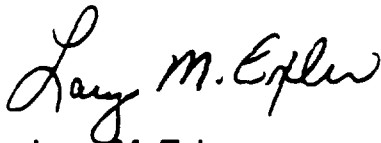
April 27, 1995

Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if NEC America intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

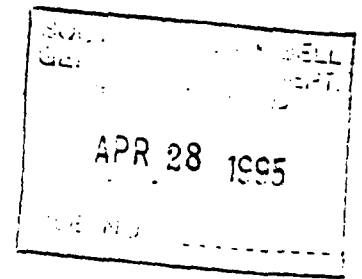
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"The One to Call On"

April 27, 1995



Sourcing Operations

Mr. Ken Wright
Northern Telecom, Inc.
701 Emerson
Suite 333
St. Louis, Missouri 63141

Dear Mr. Wright:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Northern Telecom, Inc. provided SWBT with "list" prices that Northern Telecom, Inc. specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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St. Louis, Missouri 63101

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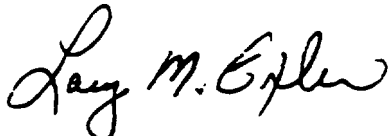
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Mr. Ken Wright
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Northern Telecom, Inc. intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

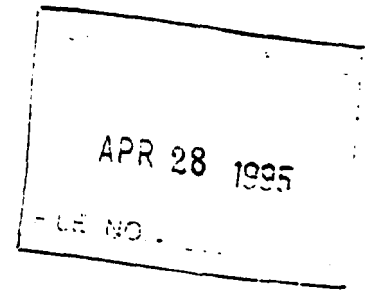
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Southwestern Bell Telephone

"The One to Call On"



April 27, 1995

Sourcing Operations

Mr. Chuck Holley
Fujitsu Network Transmission Systems, Inc.
2801 Telecom Parkway
Richardson, Texas 75082

Dear Mr. Holley:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Fujitsu Network Transmission Systems, Inc. provided SWBT with "list" prices that Fujitsu Network Transmission Systems, Inc. specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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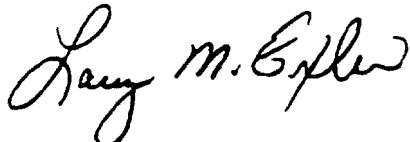
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Mr. Chuck Holley
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Fujitsu Network Transmission Systems, Inc. intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

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"The One to Call On"

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April 27, 1995

Sourcing Operations

Mr. Frank Kostello
Alcatel Network Systems
720 Olive Street
Suite 2200
St. Louis, Missouri 63101

Dear Mr. Kostello:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Alcatel Network Systems provided SWBT with "list" prices that Alcatel Network Systems specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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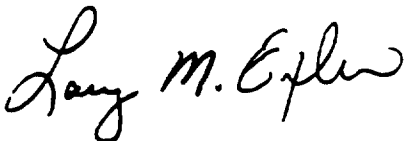
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Mr. Frank Kostello
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Alcatel Network Systems intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

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"The One to Call On"

April 27, 1995

Sourcing Operations

Mr. Roy Clingman
Reliance Comm/Tec
2100 Reliance Parkway
Bedford, Texas 76021

Dear Mr. Clingman:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Reliance Comm/Tec provided SWBT with "list" prices that Reliance Comm/Tec specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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St. Louis, Missouri 63101

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Mr. Roy Clingman
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Reliance Comm/Tec intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

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"The One to Call On"

April 27, 1995

FILE NO.

Sourcing Operations

Mr. Roy Clingman
Reliance Comm/Tec
2100 Reliance Parkway
Bedford, Texas 76021

Dear Mr. Clingman:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Reliance Comm/Tec provided SWBT with "list" prices that Reliance Comm/Tec specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

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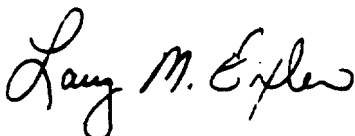
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Mr. Roy Clingman
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Reliance Comm/Tec intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

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"The One to Call On"

DATE	APR 28 1995
FILE NO.	-----

April 27, 1995

Sourcing Operations

Mr. Don Gutzmer
Tellabs, Operations, Inc.
4951 Indiana Avenue
Lisle, Illinois 60532

Dear Mr. Gutzmer:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tarified rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, Tellabs, Operations, Inc. provided SWBT with "list" prices that Tellabs, Operations, Inc. specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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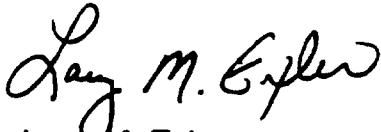
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Mr. Don Gutzmer
April 27, 1995
Page 2

that you wish negotiated prices to remain confidential and to keep any risk of disclosure to a minimum. Thus, this is to advise you that if you charge SWBT for virtual collocation equipment at a negotiated price, SWBT may be required to disclose that price in pending regulatory proceedings. Given that you provided "list" prices, SWBT presently assumes, and wishes to verify, that those are the prices you intend to charge for virtual collocation equipment.

Please contact the undersigned in writing by May 11 if Tellabs, Operations, Inc. intends to charge SWBT negotiated prices or "list" prices for virtual collocation equipment sold to it on a going forward basis.

Sincerely,



Larry M. Exler
Contract Manager

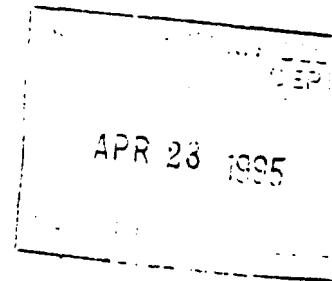
CC: CAROL BURDINE
TOM PAJDA
BOB GRZYMALA

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"The One to Call On"



April 27, 1995

Sourcing Operations

Mr. Gary Bay
AT&T Network Systems
1111 Woods Mill Road
Dept. NK6013300
Ballwin, Missouri 63011

Dear Mr. Bay:

As you know, Southwestern Bell Telephone Company (SWBT) filed its original September 1, 1994 interstate virtual collocation tariff utilizing the equipment prices negotiated between vendors and SWBT as the basis for the tariffed rates submitted in that filing. SWBT continues to make every effort to protect against disclosure of these negotiated prices, although it is very uncertain whether these efforts will be successful.

After the possibility of disclosure became apparent, AT&T Network Systems provided SWBT with "list" prices that AT&T Network Systems specified were to be considered non-proprietary. In SWBT's intrastate virtual collocation tariff application filed in Texas, SWBT utilized these prices as the basis for the virtual collocation rates noted in its application.

Subsequent to filing the tariff application in Texas, two interstate collocation requests were completed. The equipment required to provision these requests was billed to SWBT at the negotiated price rather than the "list" price provided for virtual collocation.

The risk of unwanted disclosure of negotiated prices significantly increases if the prices charged SWBT for the equipment provisioned for virtual collocation are not the "list" prices. Absent your instruction to the contrary, SWBT will continue to assume

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